Minutes

Texas Bond Review Board

Planning Session

Tuesday January 8, 2013, 10:00 a.m.

R. E. Johnson Building, Central Conference Room

1501 N. Congress Ave.

Austin, TX 78701

The Texas Bond Review Board (BRB) convened in a planning session at 10:00 a.m., Tuesday January 8, 2013 in the R.E. Johnson Building, Central Conference Room in Austin, Texas. Present were Ed Robertson, Chair and Alternate for Governor Rick Perry; Kenneth Besserman, Alternate for Comptroller Susan Combs; Jamie Dudensing, Alternate for Lieutenant Governor David Dewhurst; and Andrew Blifford, Alternate for Speaker Joe Straus. Also in attendance were Stephanie Leibe with the Office of the Attorney General, Bond Finance Office staff members and others.

1. **Call to Order**

Bob Kline, Executive Director, called the meeting to order at 10:03 a.m. He announced that this was a planning meeting of Board staff to receive and discuss information relative to the applications before the Board. No votes would be taken. A quorum was present**.**

1. **Texas State Affordable Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2013A (Taxable)**

Representatives present were: David Long, President, TSAHC; Liz Bayless, Executive Vice President, TSAHC; Paige Omohundro, Homeownership Finance Manager, TSAHC; Tim Almquist, Single Family Compliance Manager, TSAHC; Robin Miller, Financial Advisor, First Southwest; and Robert Dransfield, Bond Counsel, Fulbright and Jaworski.

TSAHC is seeking approval to issue its Texas State Affordable Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2013A (Taxable) with par and maximum proceeds including premiums, if any, not to exceed $33,000,000.

The proceeds from the Series 2013A Bonds will be used for a current refunding of all outstanding TSAHC Single Family Mortgage Revenue Bonds Series 2009A Program Bonds in the amount of $31,620,000. TSAHC anticipates that the 2013A refunding will generate a total cash savings of $1,176,501 and net present value (NPV) savings of 3.72%.

David Long stated that TSAHC anticipates adopting a final resolution authorizing the issuance at its meeting on January 10, 2013.

The Bonds do not constitute a general obligation of the state of Texas.

The 2013A Bonds will be issued as taxable debt to avoid IRS arbitrage restrictions. Because taxable rates are currently lower than the tax-exempt rate on the originally issued debt, the refunding will enable TSAHC to obtain an NPV savings and higher spreads between the debt and the underlying loans without concern for arbitrage rules.

1. **EXEMPT - Texas Water Development Board State Revolving Fund Subordinate Lien Revenue Refunding Bonds Series 2013A**

Representatives present were: Piper Montemayor, Development Fund Manager, TWDB.

This transaction was sent to the Board on Thursday, January 3 and is scheduled for exempt approval at the close of business on Friday, January 11 unless called in for full review.

Piper stated that this transaction is a revenue refunding bond that will realize a NPV savings of 16%.

1. **EXEMPT - Grand Parkway Transportation Corporation Grand Parkway System Revenue Obligations (in one or more Series of Bonds, Notes or other Obligations)**

Representatives present were: James Bass, CFO, TXDOT; Benjamin Asher, Innovative Financing/Debt Management Officer, TXDOT; John Muñoz, Deputy Director Innovative Financing/Debt Management Office, TXDOT; Rebecca Bronson, Attorney, TXDOT; Carol Polumbo, Bond Counsel, McCall Parkhurst & Horton; Paul Jack, Financial Advisor, Estrada Hinojosa; and David Miller, Financial Advisor, PFM.

Staff is in the process of reviewing the Grand Parkway NOI received on December 27.

James Bass provided a handout and gave a presentation to the Board detailing this transaction.

1. **Public Comment**

There were no public comments.

1. **Date for Next Board Meeting**

The next Board Meeting is scheduled for January 17, 2013 in the R.E. Johnson Conference Center.

1. **Items for Future Agendas**

An updated list detailing future bond transactions was handed out.

1. **Report from the Executive Director**

* Staff will present the Bonds 101 next Tuesday in the R.E. Johnson Building, Central Conference Room at 10am.
* Staff has begun working on the February 2013 Debt Affordability Study and will provide a draft to Board members by Friday, February 8, 2013. The final report is due Friday, February 15, 2013.
* The TSAHC Gateway multi-family transaction remains on hold pending FHA approval.
* Heather gave an update on the local government strategy and provided the Board with a handout showing total transactions processed over the past 10 years.
* Rob Latsha provided a handout and gave an update on the Hurricane Ike Program and 2012 Private Activity Bond Program final numbers.

1. **Adjourn**

There being no further business to discuss, the planning session adjourned at 11:06 p.m.